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RUEHNH/AMCONSUL NAHA 7963  
RUEHFK/AMCONSUL FUKUOKA 5633  
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/03/09

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Prime Minister's Official Residence (Kantei)

3) Prime Minister's schedule, August 1

NIKKEI (Page 2) (Full)  
August 2, 2009

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08:24

Left Tokyo station on Max Toki-309 train

10:38

Arrived at JR Niigata station

10:58

Toured site where Megumi Yokota was abducted in Niigata; accompanied by Kyoko Nakayama, prime minister's adviser on abduction issue, Upper House member Ichiro Tsukada, others

11:32

Arrived at Okura Hotel, Niigata

12:23

Street corner speech in front of construction company Kagata Corp.

14:10

Street corner speech in front of Murakami City Hall

15:59

Street corner speech in front of Uokuro Supermarket in Niitsu

17:19

Street corner speech in front of Uokuro Supermarket in Yoshida, Tsubame City

18:26

Left JR Tsubame-sanjo station on MaxToki-344 train

20:11 Arrived at JR Tokyo station

20:27

Arrived at official residential quarters

Prime Minister's schedule, August 2

NIKKEI (Page 2) (Full)  
August 3, 2009

08:10

Left JR Tokyo station on Nozomi-11 train

09:56

Arrived at JR Nagoya station

10:31

Office of candidate for Lower House election at Miwa-cho, Aichi Prefecture

11:18

Street corner speech in front of Nakamura-koen subway station

12:01

Met Chubu Economic Federation Chairman Kawaguchi, Nagoya Chamber of Commerce and Industry Chairman Okada, Aichi Governor Masaaki Kanda, others at Nagoya Kanko Hotel

13:29

Street corner speech in front of Ito Yokado Supermarket in Owariasahi City

14:47

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Street corner speech in front of Apita Supermarket in Kozoji, Kasugai City

15:56

Street corner speech in front of Apita Supermarket in Ichinomiya City

16:51

LDP Aichi Chapter office in Otsubashi Hall, Nagoya City

17:14

Street corner speech at Sakae intersection

18:10

Left JR Nagoya station on Nonomi-132 train

19:53

Arrived at JR Tokyo station

20:07

Arrived at official residential quarters

DEFENSE AND SECURITY AFFAIRS

4) ASDF likely to mull F-35

MAINICHI (Page 2) (Full)  
August 1, 2009

The F-22, a U.S.-developed state-of-the-art fighter jet model, is a strong candidate for the Air Self-Defense Force's follow-on mainstay fighter plane (FX). On July 30, however, the U.S. House of Representatives passed a defense spending bill, which crossed out a budget slot that had been earmarked for the United States to produce additional F-22s. Eventually, the Defense Ministry can hardly introduce the F-22. As it stands, the ministry will likely begin studying the F-35 and other alternative models.

The U.S. Congress continues to embargo the F-22 for security reasons, and U.S. Defense Secretary Gates has also clarified that he would stop producing F-22 jets after producing 187 F-22s as planned. The F-22 was therefore a hard choice. In June, however, both the U.S. Senate and the U.S. House of Representatives approved a defense spending bill that included appropriations for a feasibility study of F-22 exports to Japan. The Defense Ministry therefore had hopes for its F-22 introduction plan.

However, the House's passage of the bill has further made it difficult for Japan to introduce the F-22. "Japan will now have to think about an alternative model," Chief Cabinet Secretary Takeo Kawamura said in a press conference yesterday. A senior official of the Defense Ministry also indicated that it would be almost impossible to introduce the F-22.

The ASDF Air Staff Office, however, is so keen with its desire to procure the F-22, which has the world's best stealth capability. "The United States may stop producing the F-22, but they have yet to decide not to produce its export version," an ASO officer said regretfully.

5) Giving up on F-22, selection of next main fighter may be delayed significantly; MOD to "continue gathering information"

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YOMIURI (Page 2) (Excerpts)

August 1, 2009

In light of the U.S. House of Representatives' deletion of budget allocations for the procurement of additional F-22 fighters - which is Japan's first choice for its next main fighter (FX) - the government has given up on importing F-22s. However, prospects are unclear for the selection of a different model. A senior Ministry of Defense (MOD) official says the ministry will "continue to gather information," but since the selection process so far had focused on the F-22, a significant delay in the FX selection process appears to be certain.

The current Mid-term Defense Buildup Program (FY05-09) provides for contracting for the procurement of seven FX. With the delay in procurement, issues such as dealing with the aging of the F-4 and other fighters in service with restriction of flight time will become a problem.

6) Coordination underway to start Japan-U.S. regular consultations on "nuclear umbrella" around mid-September

NIKKEI (Page 2) (Full)  
August 2, 2009

The Japanese and U.S. governments have begun coordination to hold the first meeting of the regular consultations on extended deterrence, including the "nuclear umbrella" provided by the U.S. to Japan, around mid-September. At first, the U.S. side had wanted strongly to start the consultations before the House of Representatives election on August 30, but it eventually judged that the meeting should be held after the Japanese government is firmly established, in light of the possibility of a change in the administration's framework.

The holding of regular consultations on extended deterrence was agreed upon at the Japan-U.S. Security Subcommittee (SSC) held at the Ministry of Foreign Affairs (MOFA) on July 18. The purpose of the consultations is to conduct regular exchange of views on ways to maintain and reinforce deterrence in response to changes in the East Asian security environment, such as North Korea's development of nuclear arms and China's military buildup.

The consultations were originally set at the working level, but it has been suggested that the meeting may be upgraded to a higher level depending on the administration's composition after the Lower House. The framework and starting date of the meeting will be finalized based on the wishes of the post-election administration.

The Japanese side intends to get a briefing on the role of U.S. nuclear arms and its deterrence system in relation to the process of updating the "Nuclear Posture Review" next year. The U.S. side will indicate its policy of maintaining and reinforcing extended deterrence and seek the Japanese side's understanding.

7) SDP, PNP unhappy with Hatoyama's "continue refueling" remark

YOMIURI (Page 4) (Full)  
August 1, 2009

The Democratic Party of Japan, Social Democratic Party, and People's

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New Party yesterday held a meeting of their secretaries general and policy chiefs in the Diet. In the meeting, DPJ President Hatoyama indicated that if there is a change of government, Japan will continue the Maritime Self-Defense Force's ongoing refueling activities in the Indian Ocean for the time being. The SDP and the PNP voiced complaints about this.

SDP Vice President Seiji Mataichi criticized Hatoyama's remarks, complaining: "It's strange to say such an imprudent thing to cause commotion among the opposition parties." PNP Deputy President Shizuka Kamei was also critical, saying, "That sounds like saying you think your party has already taken over the reins of government."

In the meeting, the three parties agreed to work out their common policies by mid-August toward the upcoming general election for the now-dissolved House of Representatives.

#### 8) Base-hosting governors call for SOFA revisions

YOMIURI (Page 4) (Full)  
August 1, 2009

A liaison and consultative body of 14 governors from Tokyo, Hokkaido, and other prefectures hosting U.S. military facilities yesterday made a proposal in written form to the Foreign Ministry, requesting the Japan-U.S. Status of Forces Agreement (SOFA) be revised drastically. The proposal notes that the SOFA pact is now about 50 years old but has never been revised. The base-hosting governors request the U.S. military comply promptly with Japan's request to enter U.S. bases and hand over U.S. military personnel who committed a crime.

#### ELECTION CAMPAIGN

#### 9) Pre-election poll: DPJ keeps lead position

ASAHI (Page 3) (Full)  
August 3, 2009

Ahead of the upcoming general election for the now-dissolved House of Representatives, the Asahi Shimbun conducted a telephone-based nationwide public opinion survey on Aug. 1-2. In the survey, respondents were asked which political party they would vote for in their proportional representation blocs if they were to vote now. In this public preference of political parties for proportional representation, the Democratic Party of Japan scored 39% (42% in the last survey taken July 18-19). The Liberal Democratic Party rebounded somewhat, but the DPJ remains far ahead of the LDP.

Respondents were also asked to what extent they thought the LDP and the DPJ are competent to run the government. To this question, "very" and "somewhat" totaled 47% for the LDP and 54% for the DPJ. As seen from the figures, the DPJ was somewhat above the LDP.

In addition, respondents were asked if they had expectations for the LDP or the DPJ about economic policy measures, state fiscal deficit turnaround measures, and foreign relations and defense issues. On economic policy measures, 31% chose the LDP, with 47% picking the DPJ. On fiscal deficit turnaround measures as well, the DPJ was above the LDP, with the DPJ reaching 46% and the LDP at 28%. Prime Minister Aso has stressed actual results from his economic stimulus

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measures and liability for fiscal management. However, the public is in favor of the DPJ. On foreign relations and defense issues, the LDP outdistanced the DPJ, with the LDP scoring 49% and the DPJ at 27%. Among DPJ supporters as well, 33% said they had expectations for the LDP.

Respondents were further asked if they would like other political parties to gain more seats in the upcoming election. To this question, a total of 54% answered "yes," with a total of 38% saying "no." Meanwhile, the proportion of those "very interested" in the upcoming general election increased to 49% in the survey this time from 43% in the last survey.

The Aso cabinet's support rate was 18% (17% in the last survey), and its nonsupport rate was 63% (69% in the last survey). In the breakdown of public support for political parties, the last survey found the LDP down to 20%, the lowest ever under the current polling methodology adopted in April 2001, but the party rebounded to 24% in the survey this time. The DPJ was at 26% (31% in the last survey).

#### 10) LDP-New Komeito administration gets extremely severe ratings, scoring 57 points at highest, 25 points at lowest out of hundred

TOKYO SHIMBUN (Page 1) (Full)  
August 3, 2009

The 21st Century Ad Hoc Council for the Promotion of Administrative Reform, consisting of experts, held an administration achievement evaluation meeting to verify the track records of the Liberal Democratic Party (LDP)-New Komeito administration since the 2005 Lower House election. Nine organizations participated in the meeting, including the Japan Association of Corporate Executives (Keizai Doyukai), the Japanese Trade Union Confederation (Rengo), and various think tanks.

In the ratings, Rengo gave the lowest score of 25 out of 100 points. Even the highest score, given by the Association of Prefectural Governors, was only 57.

Each organization rated the management of the administration and the track record of policy implementation, based on the manifestos issued for the 2005 Lower House election and the 2008 Upper House election.

The continuity of the manifestos received especially low ratings. Many groups pointed out that which policies have been inherited or changed is particularly unclear as changes of administration have taken place almost every year in the order of Koizumi, Abe, Fukuda and Abe. Some also pointed out that the administration's accountability was insufficient.

In an overview debate held after all organizations submitted their reports, Co-chairman Takeshi Sasaki said, "It is necessary for the administration to recognize that the risk of not inheriting policies is heavy." The administration achievement evaluation meeting has been held before national elections since the 2003 Lower House election. This was the fourth meeting.

11) Battle of words between Aso and Hatoyama on policy and fiscal resources moving into full gear

NIKKEI (Page 1) (Full)

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August 3, 2009

Ruling and opposition parties have now issued their manifestos (campaign pledges) for the House of Representatives election on Aug. 30. Policy debate is intensifying. Prime Minister Taro Aso gave a stump speech on Aug. 2 in Nagoya City. He stressed: "The government's economic stimulus measures are still underway. I want voters to compare policies of other parties with those of the Liberal Democratic Party (LDP)." In Inzai City, Chiba Prefecture, Democratic Party of Japan (DPJ) President Yukio Hatoyama criticized the LDP-New Komeito government's tendency to increase taxes. He emphasized: "I want you to make a judgment in the election on what the LDP-New Komeito administration did in four years."

On Aug. 2, the first weekend after all the ruling and opposition parties unveiled their manifestos, the ruling and opposition parties' policy chiefs participated in policy debates on TV talk shows.

Yoshimasa Hayashi, special assistant to the LDP Policy Research Council chairman, criticized the DPJ, which came up with new policies that would cost 16.8 trillion yen, saying:

"That's a first step toward a large government. The DPJ should make clear which special accounts' surplus will be spent and how much reserve funds will be used. Otherwise, we will be very worried about it."

Pointing out the need for an early establishment of a regional bloc system basic law, LDP Deputy Secretary General Nobuteru Ishihara said: "At the time when regional blocs are created, the government office district of Kasumigaseki will be disbanded."

DPJ Policy Research Committee Chairman Masayuki Naoshima emphasized:

"We will directly provide money to people who need support (through child care allowances and compensation for individual farmers). The

ruling coalition has wasted a lot of money by indirectly offering money to industrial associations in order to implement policies."

12) LDP manifesto attaches importance to economic growth: Household income to be boosted by 1 million yen over next decade

YOMIURI (Top play) (Excerpts)  
August 1, 2009

Prime Minister Taro Aso (Liberal Democratic Party president) on July 31 released his party's manifesto (campaign pledges) for the Lower House election at a press conference held at the LDP Headquarters. Based on the LDP stance of continuing to use public spending to stimulate the economy, the manifesto mentions specific goals, such as reaching annual economic growth of 2 percent, securing roughly 2 million jobs by creating demand worth between 40 trillion yen and 60 trillion yen over the next three years, and raising per-capita income to the top level in the world by increasing each household's disposable income to by 1 million yen over the next 10 years. Now that all major parties have issued their manifestos, a full-scale war of words is about to kick off.

The manifesto consists of two versions - the policy BANK, which covers overall policies, and the digest version. Key policies are

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shown in three areas - reassurance, vitality and responsibility. In the reassurance area, education fees for pre-school children will be reduced in stages and made free eventually in the fiscal 2012. For higher education school education, the manifesto pledges to set up a cash handout-type grant system and make tuition fees free for students of low income-earners free. As social security policy, the manifest also pledges to introduce a social security number and card system.

Gist of LDP manifesto

Q Take legal steps needed to fundamentally reform the tax code, including the sales tax, by fiscal 2010 and implement such without delay once the economy turns around.

Q Cut pre-school children's education fees for three years in stages and made them free in the fiscal 2012.

Q Bring about annualized economic growth rate of 2 percent in the second half of the fiscal 2010. Increase each household's disposable income by 1 million yen over the next 10 years.

Q Enact a doshu or regional bloc system at an early date and introduce the system possibly in six to eight years' time after the enactment.

Q Implement security measures necessary to intercept North Korea-launched ballistic missiles heading toward the U.S. or defend vessels of the U.S., with which Japan closely cooperate regarding missile defense.

13) LDP manifesto plays up "responsibility" as party in power, pledging to continue refueling mission in Indian Ocean

YOMIURI (Page 3) (Excerpts)  
August 1, 2009

The Liberal Democratic Party unveiled on July 31 its manifesto (campaign pledges) for the upcoming House of Representatives election, saying that it has listed feasible policies by emphasizing the word "responsibility" as the party in power. But a point has been made that the explanations of funding sources for policies and their roadmaps are insufficient and that the party cannot criticize the Democratic Party of Japan's (DPJ) fiscal resources as ambiguous.

The LDP manifesto has defined the Japan-U.S. alliance as the cornerstone of our country's foreign policy. The party also pledges to proceed with U.S. force realignment as planned and to continue the Maritime Self-Defense Force's refueling mission in the Indian Ocean.

It is also noteworthy that the manifesto clearly stipulates that the LDP will take necessary security measures to allow (the SDF) to



intercept a ballistic missile heading for the United States and to defend U.S. warships jointly engaged in ballistic missile defense. Although such steps are conditioned on protection of the Japanese people from North Korean ballistic missiles, they might have an impact on the government's constitutional interpretation that prohibits the exercise of the right to collective self-defense.

The manifesto also specifies the legislation of a permanent (general) law governing the dispatch of the SDF to carry out international peacekeeping operations. The permanent law will allow the SDF to deal with situations swiftly. Also included in the manifesto is the establishment of a national security council at the

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Prime Minister's Official Residence (Kantei), an idea considered in the former Abe cabinet. It is designed to reinforce the control tower's functions to handle foreign and security affairs. The LDP also pledges to bring all those abducted by North Korea back to Japan.

14) "Responsibility" or "change of government"? LDP manifesto eyes raising economic level through growth, DPJ's platform puts emphasis on assistance directly connected with households

NIKKEI (Page 3) (Excerpts)  
August 1, 2009

Both the ruling Liberal Democratic Party (LDP) and the major opposition Democratic Party of Japan (DPJ) unveiled their manifestos (campaign pledges) by July 31 for the upcoming House of Representatives election. The DPJ's manifesto lists scores of measures directly supporting people's livelihoods, while the LDP's policy platform is designed to raise the nation's economic level through a growth strategy. The difference in policies between the LDP which plays up its "responsibility" and the DPJ which advocates a "change of government" is becoming clear.

LDP pledges to enhance Japan-U.S. alliance, while DPJ plays up equal partnership

Both the LDP and the DPJ have defined the U.S.-Japan alliance as the basis of the country's foreign and security policies. But there are gaps in the two parties' psychological distances from the United States. The gaps are particularly evident regarding such matters as the realignment of U.S. forces in Japan and the Self-Defense Forces' contributions to the international community.

The LDP pledges to promote U.S. force realignment, a top priority for the U.S., as well as to take measures to allow (the SDF) to intercept a ballistic missile targeting the United States. They are designed to reinforce the Japan-U.S. alliance. The LDP also aims at the legislation of a permanent (basic international cooperation) law allowing the government to dispatch the SDF overseas as required.

In contrast, the DPJ, advocating a Japan-U.S. alliance based on equality, envisages a review of U.S. force realignment and a revision of the Japan-U.S. Status of Forces Agreement. DPJ President Yukio Hatoyama has expressed his opposition to extending the Maritime Self-Defense Force's refueling operation in the Indian Ocean in defiance of America's hope for its continuation.

The two parties are also wide apart regarding trade liberalization. The DPJ plans to conclude a free trade agreement (FTA) with the United States. The conclusion of an FTA with the United States, a major agricultural exporter, is certain to have a serious impact on farmers in the country. The LDP plays up its stance of giving consideration to the domestic agricultural sector in conducting agricultural negotiations with other countries.

15) Interview with DPJ President Yukio Hatoyama: Independent diplomacy that does not rely on U.S.; No dual structure of power with Ozawa

ASAHI (Page 3) (Abridged)  
August 1, 2009

Q: What is the significance of the forthcoming election and what is your criterion of victory?

Hatoyama: This election is for a change of government. In order to change bureaucrat-centered politics to politics where the people play the leading role in developing policy, the coalition government of the Liberal Democratic Party (LDP) and New Komeito needs to be ended by all means, and a new politics with the Democratic Party of Japan (DPJ) at its core needs to be set up. (My criterion of victory) is to win as many seats as possible more than the LDP, allowing the DPJ to become the number one party. Maintaining a majority with the cooperation of the Social Democratic Party (SDP) and the People's New Party (PNP) is imperative. We would like to make every effort to achieve this goal.

Q: You have decided not to extend the refueling mission of the Self-Defense Forces in the Indian Ocean. Will this not give rise to friction in the Japan-U.S. relationship?

Hatoyama: While we attach utmost importance to the Japan-U.S. alliance, it is necessary not to rely on the U.S. and develop a more independent foreign policy. A diplomatic posture of giving importance both to Asia and the U.S. is required. It is possible that we may seek an appropriate "distance" in security. The most important thing is how to build a relationship of trust with President Obama. Based on this relationship, we will gather information and conduct a comprehensive review. I have no intention to change the basic policy line.

Q: If you become the prime minister, will you attend the UN General Assembly and the G-20 financial summit in mid- and late September?

Hatoyama: Great importance should be given to the UN General Assembly and the G-20 regardless of who takes over the administration. If the DPJ comes to power, we will make efforts to deal with such diplomatic agenda. This will be quite difficult to do if a cabinet is not formed by then.

Q: Many of the plans you have for the new administration require legislative measures.

Hatoyama: Legislation will be necessary to give the National Strategy Bureau (reporting directly to the prime minister, which will decide the outline of the budget, etc.) strong powers. However, it is not impossible to launch the Bureau (without legislative measures). If we take over the government, I am thinking of passing the relevant laws in the extraordinary Diet session (this fall).

Q: What will you do with Deputy President Ichiro Ozawa? Will there not be a dual structure of power?

Hatoyama: I have not thought about (what to do with him). The Hosokawa administration ended up with a dual structure of power because it managed the government and the ruling parties separately like the LDP administration. We will make sure that policymaking takes place in the government as much as possible. There will be no dual structure of power.

Q: Will there be any change in the coalition with the SDP and the PNP depending on the outcome of the House of Councillors election in summer 2010?

Hatoyama: When forming the coalition, we will have to respect the wishes of the SDP and the PNP. It is also necessary to think about stable steering of the administration based on their wishes. We have no plan to hold power alone. I think it is rather very sensible to manage the administration with the cooperation of other parties for the sake of stability.

DPJ's Hatoyama plans to form a cabinet by mid-September

16) MAINICHI (Page 1) (Almost full)  
August 3, 2009

In an interview to the Mainichi Shimbun July 31, Democratic Party of Japan (DPJ) President Yukio Hatoyama said that if his party comes to power in the upcoming House of Representatives election, he will attend as prime minister the UN General Assembly to be held in September in the United States. He then expressed his intention to form a new administration by mid-September. He said: "It will be extremely difficult (for me to attend the UN session) unless a cabinet is formed by that time."

Hatoyama stated: "Since the DPJ has advocated its policy of placing importance on the United Nations, we want to carry out diplomacy based on such policy when we take the reins of government." He also pointed out: "Priority should be given to the Group of 20 Summit (financial summit)."

The UN General Assembly will take place on Sept. 15 in New York. According to the Ministry of Foreign Affairs, Hatoyama has received an invitation to the High Level Meeting on Climate Change to be held on Sept. 22.

With regard to the deputy chief cabinet secretary for administrative affairs, who is in charge of coordination among ministries and agencies, he indicated that there would be a possibility of appointing from former administrative vice ministers, as well as from the private sector. He said: "I don't mind appointing neither public- or private-sector persons if the person can control well bureaucrats."

Hatoyama stressed that how to secure fiscal resources would become a main issue in the campaigning for the next Lower House election.

17) DPJ to have its policy chief head a National Strategy Bureau

TOKYO SHIMBUN (Top play) (Full)  
August 3, 2009

Democratic Party of Japan (DPJ) President Yukio Hatoyama finalized the outline of a National Strategy Bureau, which the party included in its manifesto (set of campaign pledges) for the upcoming House of Representatives election. (The DPJ plans to set up the strategic bureau under the immediate control of the prime minister.) Hatoyama will have the DPJ's Policy Research committee chairman concurrently serve as bureau chief. The bureau will be made up of about 20 members, including DPJ personnel, who are well-versed in policy, bureaucrats, and private-sector persons. The bureau will formulate the framework of a budget for fiscal 2010 under the leadership of the Prime Minister's Official Residence (Kantei).

The DPJ stipulates five principles and five policies as a "Hatoyama administration vision (Hatoyama seiken koso)" in its manifesto. The

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National Strategy Bureau will be in charge of substantiating one of the five principles that a DPJ-led administration will place priority on seeking Kantei-led national interests.

The DPJ intends to change the existing budget compilation system. If a Hatoyama administration is inaugurated, the National Strategic Bureau will compile the outline of a budget, which will include top priority issues, and carry out coordination with relevant cabinet ministers at a "Cabinet Committee."

Therefore, Hatoyama is determined that it is desirable to have the party's policy chief serve as head of the bureau. He intends to implement the administrative principles by letting his cabinet make policies, abandoning the present system of coming up with policies separately by the government and the ruling parties.

Hatoyama will also put an Administrative Reform Council (gyosei sasshin kaigi) under the prime minister's direct control. The council will in charge of eliminating wasted budgets. He intends to have private-sector persons, who have worked on examining carefully

local governments' projects and their effectiveness, check national projects.

ZUMWALT